

OPERATION IDENTIFICATION SHEET

SUPPORT TO THE FIGHT AGAINST UNDECLARED WORK

1. Operating Structure:

Operating Structure for Human Resources Development Component of IPA (OS), as per Article 16 of the Governmental Decree on DIS, shall comprise of CFCD and the respective structures for IPA implementation established within the Ministry of Education and Science (MES) and the Ministry of Labour and Social Policy (MLSP). The Operating Structure shall be responsible for managing and implementing the Operational Programme Human Resources Development (OPHRD) 2007-2013 in accordance with the principle of sound financial management, as per Article 9 of the Governmental Decree on DIS, point 6 of Annex A of the Framework Agreement and Article 28 of IPA IR.

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2. Title of the Operation:

Support to the fight against undeclared work

3. Measure

Measure 1.4: From Informal to Formal

4. Description of the Operation

4.1 Synthetic description

The size of the grey economy represents one of the major challenges for the country.

Having in mind that the existence of informal economy has implications in many areas, including employment, social security, health and safety, migration, employment relations and macroeconomic policy, addressing this phenomenon is one of the priority areas of the government's interventions with many specific measures and activities addressing different factors that contribute to informal employment.

Combating grey economy is one of the strategic priorities of the Government in the area of employment. Since 2012, the Ministry of Labour and Social Policy was entrusted to coordinate the preparation and implementation of the National Action Plan for Combating the Grey Economy, which was previously a responsibility of the Ministry of Economy.

Within the scope of these initiatives and measures a great deal of consideration and efforts should be directed towards strengthening the capacities of the labour inspection and providing conditions for their much larger, systematic and coordinated involvement in the efforts to fight informal work and unregistered employment.

The operation will be implemented through two different types of contracts:

- I. Service contract (technical assistance) as a support to the fight against undeclared work;
 - II. Supply contract for strengthening the capacities of the State Labour Inspectorate.
- I. **The service contract as a support to the fight against undeclared work** will include the following activities

1. Survey on undeclared work

A survey will be carried out on undeclared work. For the development of adequate policy measures as well as efficient solutions to tackle undeclared work, it is of the utmost importance to have sufficient and accurate information not only about the extent of the phenomenon but also about the nature, causes and effects of undeclared work. This survey will also have to study the relation between unemployment and undeclared work as well as the effectiveness of approaches and measures already undertaken. Recommendations to the

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relevant stakeholders following the best practices and EU experiences will be provided as a contribution to the National Action Plan for Combating the Grey Economy.

2. Strengthening the capacity of inspection services

This component shall be implemented by using a participative approach. The following activities will be undertaken under this component:

a. Assessment of the global situation and needs of the State Labour Inspectorate to improve their fight against undeclared employment in a way to be more effective (legislation, organization, means, skills, etc.). Propose best practices and EU experiences.

b. Development of a Programme for the State Labour Inspectorate and other relevant national institutional stakeholders for improving the effectiveness of the fight against undeclared work. The Programme will contribute to the preparation and/or implementation of the National Action Plan for Combating the Grey Economy. The Programme will include:

- Measures to improve the working organisation, methodology, working processes and procedures within the State Labour Inspectorate as relevant;
- Measures to improve inter-institutional cooperation/coordination between stakeholders involved in the fight against undeclared work;
- Proposals for measures to decrease the most common types of undeclared work (e.g. unregistered self-employed workers, etc.);
- A specific work plan encompassing a training plan for the State Labour Inspectorate and for the other relevant institutional actors aiming at implementing the proposed measures.

c. Implementation of the work plan/programme.

The overall objective will be to strengthen the State Labour Inspectorate's capacities, improving their knowledge and skills, ease their day to day work, implementing new (or improved) approaches in issues relating to undeclared work.

Other institutional actors with connected activities with the issue of undeclared work will be invited to attend activities implemented within the project. Some specific activities within the training plan will be foreseen to develop skills and strengthen interactivities and coordination between the State Labour Inspectorate and the other institutional stakeholders.

d. Provision of recommendations for further implementation of the Programme on a mid and long term period.

At the end of the implementation of the work plan, a paper with recommendations will be developed and it will explain the reasons for the proposed recommendations. The paper will be presented to the State Labour Inspectorate and other relevant national institutional stakeholders.

3. Involvement of social partners to reduce the number of people engaged in the grey economy

As important stakeholders of the employment policy and actors of the labour market, social partners should be involved all along the project. Involvement of workers' and employers' representatives actively in the fight against undeclared work is crucial for achieving any result in the field. Strengthened interaction is needed. Hence it is foreseen that social partners will benefit from specific activities.

II. Supply contract for strengthening the capacities of the State Labour Inspectorate

In order to make the work of labour inspectors in their fight against undeclared employment more efficient and effective, the operation will encompass purchase and/or update of the State Labour Inspectorate's equipments/assets (ICT equipment, office and filed equipment, furniture, vehicles). The supplies should concern SLI's functions dealing with the Labour legislation linked with the fight against grey economy. The preparation of the tender documentation for the supply contract will be financed within the Priority axis 4 -Technical assistance.

4.2 End recipient (s):

State Labour Inspectorate

Ministry of Labour and Social Policy

4.3 Duration:

- Service contract as a support to the fight against undeclared work: 24 months;
- Supply contract for strengthening the capacities of the State Labour Inspectorate: 18 months (6 months+12 months warranty period).

4.4 Target group(s):

- State Labour Inspectorate;
- Ministry of Labour and Social Policy;
- Public Revenue Office, Central Register, Employment Service Agency, etc.;

- Other relevant ministries (e.g. Ministry of Economy, Ministry of Finance, etc.);
- Other relevant bodies.

4.5 Expected outputs, results and impact and indicators

Indicators	Baseline	Targets for 2007-2011 period	Definitions and assumptions	Source of data
<i>Outputs</i>				
In-depth survey conducted on undeclared work	0	1		Database, Project Promoters
Number of trained labour inspectors in issues related to combating unregistered employment	0	60		Database, Project Promoters
Number of representatives of social partners trained	0	50		Project reports
Number of new forms of legitimate work proposed and developed	0	2		MLSP reports
Number of promotional and /or educational actions	0	2		Project reports
<i>Result</i>				
Strengthen capacities of the State Labour Inspectorate in addressing the unregistered work	0	80%	Percentage of persons that participated in the training programme successfully passed trainings	Database, Project Promoters
LI networked and fully operational	0	80%	Percentage of labour inspectorate accessing the system	Project reports

4.5 Links with other IPA measures or IPA programmes (if any):

This operation is linked with the overall implementation of the Priority Axis 1.

5. Implementation arrangements risks and assumption

5.1. Institutional framework: operation coordination unit/steering committee/regional and/or provincial authorities/technical assistance team/other

The CFCD shall act as a Contracting Authority and shall be responsible for launching the tender, organising evaluations, preparing/signing the contract, payments, accounting, and shall have overall responsibility and supervision of contract's implementation.

The EUD in Skopje shall execute ex-ante control over the whole procedure and shall be kept fully informed on the progress by means of regular briefings during the course of Operation.

Steering Committee (SC) shall be established. The role of the SC shall entail provision of strategic, political and technical guidance to the project, monitoring progress and assistance where possible in overcoming any obstacles to progress in any aspect of the contract.

The SC members will involve relevant stakeholders (as deemed appropriate), such as:

- The Ministry of Labour and Social Policy;
- State Labour Inspectorate;
- Other relevant ministries and agencies;
- Social partners and
- Other relevant bodies.

The CFCD and EU Delegation will participate to the Steering Committee as observer.

For the supply contract, establishment of a Steering Committee is not necessary.

5.2. Procedures for the implementation of the operation: call for proposals/direct implementation by national institutions without prior call for proposals/call for tenders

This operation should be implemented through 1 service following international restricted procedure and one 1 (one) supply contract following international open tender procedure.

Type of contract	Deadline for Submitting Draft ToR/TS/GfA to CFCD	Deadline for Completing ID/and Submission to ECD	Deadline for Publication of PN	Short List Phase	Deadline for Tender/Call for Proposals Launch	Deadline for Tenders/Applications Submission	Evaluation date	Contract Approval Date	Deadline for Contract Signature	Date of Contract Start	Date of Contract End
Service	Sep-12	Sep-12	Nov-12	Dec 12-Jan	Feb-13	Apr-13	May-Jun 13	Jul-13	Sep-13	Oct-13	Sep-15

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Supply contract	Mar-13	Apr-13	May-13	/	/	Jul-13	Jul-Sep 13	Oct-13	Nov-13	Nov-13	May-15 (including 12 months warranty period)

5.3 Risks and assumptions

Risks:

- Insufficient level of commitment of the relevant stakeholders necessary to guarantee the project implementation and sustainability;
- Lack of understanding of the project's purpose by all stakeholders;
- Relevant data is not available;
- Low level of engagement of all employees in the State Labour Inspectorate.

Assumptions:

- Strong political will and long term commitment by the highest political level;
- Close co-ordination with other initiatives in the sector in place;
- Stakeholders' attitude towards improvement of the situation of undeclared work is open and positive;
- Relevant national and key stakeholders committed to the fight against undeclared work;
- Participative environment in State Labour Inspectorate created by the top management;
- Timely provision of necessary assessment documentation (supply contract).